

## Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 SAJ-01 PA-01 PRS-01 USIA-06

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03

FEA-01 COA-01 DLOS-03 /090 W  
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R 210330Z FEB 75

FM USLO PEKING

TO SECSTATE WASHDC 3250

INFO AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EFIS, ENRG, JA, CH

SUBJECT: SINO-JAPANESE ECONOMIC RELATIONS - PETROLEUM AND FISHERIES

1. IN DISCUSSION WITH USLO OFFICER, JAPANESE DCM YANAGIYA DISCUSSED THE MITI PETROLEUM MISSION TO PEKING IN LATE JANUARY ALONG THE SAME GENERAL LINES AS REPORTED IN TOKYO 1540. HE ADDED THAT THE MAIN SIGNIFICANCE OF THE TALKS WAS CHINESE AGREEMENT TO ENTER INTO A LONG TERM ARRANGEMENT FOR THE GRADUAL INCREASE OF CRUDE OIL SUPPLY TO JAPAN. IN THE PAST, YANAGIYA SAID, THE CHINESE WOULD ONLY TAKE THE LINE THAT THEY WERE SEWN-SUFFICIENT IN OIL AND HAD ONLY A LIMITED QUANTITY TO EXPORT. BUT IN TALKS WITH THE MITI DELEGATION THEY ACCEPTED THE CONCEPT OF A MULTI-YEAR ARRANGEMENT OF SHIPMENTS TO JAPAN, WHICH THEY SAID THEY WOULD INCORPORATE INTO THEIR NEXT FIVE-YEAR PLAN BEGINNING IN 1976.

2. THE JAPANESE BELIEVE THE REASONS FOR THE CHANGE ARE CHINESE

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DISAPPOINTMENT THAT JAPAN LAST YEAR COULD ACCEPT ONLY 4 MILLION

OUT OF 4.9 MILLION TONS CONTRACTED FOR, AND SERIOUS CHINESE FOREIGN EXCHANGE PROBLEMS. YANAGIYA SAID THE MITI DELEGATION STRESSED IN THE TALKS THAT JAPAN MUST INVEST IN NEW FACILITIES IF IT IS TO HANDLE LARGER QUANTITIES OF CHINESE OIL WHICH IS HIGH IN PARAFFIN CONTENT. DETAILS OF FUTURE QUANTITIES, CHANNELS OF SALES, ETC. WILL BE RESOLVED IN SUBSEQUENT NEGOTIATIONS. YANAGIYA ALSO SAID THE CHINESE AGREED IN PRINCIPLE ON AN ARRANGEMENT FOR CHINESE

LIABILITY IN THE CASE OF OIL SPILLS IN JAPANESE WATERS FROM PRC CONTROLLED TANKERS.

3. YANAGIYA, WHO RETURNED TO PEKING FEBRUARY 19 FROM TOKYO CONSULTATIONS, PROVIDED A MORE OPTIMISTIC JAPANESE IMPRESSION THAN THAT GIVEN IN TOKYO 1621 REGARDING TALKS ON A GOVERNMENTAL FISHERIES AGREEMENT WHICH WILL SOON BE REOPENED. THROUGH ALL THE YEARS OF A PRIVATE FISHERIES AGREEMENT, AND IN PREVIOUS DISCUSSION OF A GOVERNMENTAL AGREEMENT, THE CHINESE INSISTED THAT TALKS BE HELD IN PEKING SINCE THEY PRIMARILY INVOLVED THE PROBLEM OF JAPANESE VESSELS FISHING IN CHINESE WATERS. NOW FOR THE FIRST TIME, YANAGIYA SAID, THE CHINESE HAVE AGREED TO TALK IN TOKYO, AND THE JAPANESE BELIEVE THIS COULD SIGNAL GREATER CHINESE DESIRE TO REACH AN AGREEMENT AND POSSIBLY GREATER FLEXIBILITY. IF THE TALKS IN TOKYO PROGRESS SATISFACTORILY, HE SAID, SUBSEQUENT DETAILED DISCUSSIONS WILL SHIFT TO PEKING.  
BUSH

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